



April 15, 1996

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William F. Caton  
Office of the Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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Re: Comments on Proposed Rulemaking on Rules for Auctioning the  
Remaining Broadband PCS Licenses (WT DOCKET 96-59,GN  
DOCKET 90-314)

Dear Mr. Caton:

Columbia Cellular, Inc., ("Columbia") as a shareholder and as a member of the control group of Integrated Communications Group Corporation ("ICG") is a participant in the present C Block auction.

Columbia makes the following comments concerning modifying the existing rules which we feel are necessary in order to insure legitimate opportunities to legitimate small businesses, including minority and women owned businesses in the upcoming D, E & F Block auctions of 10 MHz licenses:

- We agree with the FCC's conclusion that the F Block race based provisions require more supporting evidence and that the present record may also be insufficient to support the F Block gender based provisions. We are disappointed that the FCC did not establish sufficient support for race based and gender based provisions. However, we realize the Commission was operating under budget and time constraints.
- Under the circumstances the F Block rules and the D & E Block rules should be race and gender neutral to avoid the risk of litigation. However, we believe the threshold definition of small businesses should be lowered to \$11 million and a new category of increased bidding credits of 40% should be created for "very small" businesses which would have a \$5 million threshold.
- Installment payment plans and other benefits should be available to certain Designated Entities ("DEs") in the D & E Blocks (in addition to the F Block) with the most favorable terms for very small businesses. No installment payments should be made available in the D & E Blocks for any businesses that do not qualify as small or very small.

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- We would favor the F Block auctions being auctioned first before the D & E Block. However, if D, E & F Block licenses are to be auctioned concurrently, small businesses and very small businesses should be able to participate in each Block with the access to the same bidding credits allowed for the F Block. Participation in the F Block should still be restricted to participation by DEs.
- Partitioning of licenses should be allowed if consummated with small businesses or very small businesses and the partitioning rules should be adopted prior to, if possible, or, no later than concurrently with the auction rules. Incentives to encourage partitioning should be considered.
- The FCC should adopt, prior to the auction rules if possible, or, no later than concurrently with the auction rules, rules to protect, (perhaps by providing mandatory margins) small businesses and very small businesses so that they may compete with carriers as resellers of wireless services including PCS and cellular.
- The attribution rules adopted in the Sixth Report and Order should be rescinded and the attribution rules articulated in the Fifth Report and Order should be reinstated so that the abuses that were created in the C Block auction having to do with categorization of small businesses and minority and women owned businesses may be eliminated.
- The Commission should not relax (or simplify if loopholes are created), the cellular /PCS cross ownership limitation rules. If these rules were relaxed larger, telecommunication companies would simply become larger which would further limit the ability of small and very small businesses to compete.
- The rules relating to the transfer of broadband licenses should be modified only to the extent of relaxing the rules for all transfer of licenses to small and very small businesses. Transfers should be allowed, under the present look back rules to small businesses and very small businesses who previously acquired other licenses. The rules should not be modified to allow earlier transfer to larger DEs or non DEs.

We have read the comments of our co-shareholders of ICG, a participant in the C Block auction, (i.e., Opportunities Now Enterprises (O.N.E.), Inc. and Integrated VoiceSys.) and we substantially agree with their points and therefore feel that it is

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unnecessary to restate them herein. We also endorse the comments of ICG and incorporate them herein by this reference.

**COLUMBIA HAS PERSONALLY EXPERIENCED DIFFICULTY AS A SMALL  
MINORITY OWNED BUSINESS COMPETING WITH THE LARGE CARRIERS.**

We believe the above recommended changes and/or rules are necessary in order to place very small businesses in a position where they have an opportunity to compete and provide value added wireless services so that the telecommunications industry will more properly reflect the diversity of our great nation.

Before giving specific examples of the difficulties encountered by Columbia, it is necessary first to give a short background of Columbia.

Columbia was founded in 1991 and is certified by the City of Los Angeles and verified by the California Public Utilities Clearinghouse as a Minority Business Enterprise ("Hispanic").

Columbia, as a reseller, is a public utility primarily engaged in the providing of cellular air time and paging services for voice communications and data transmission.

To support the providing of wireless services, Columbia also provides wholesale distribution, installation, service, repair and maintenance of cellular telephone, paging and ancillary equipment. In addition, Columbia provides consulting services for cellular, paging and other wireless telephone use, including designing of custom programs for cellular air time, back-up emergency wireless systems, maintenance and acquisition of cellular telephone equipment and cost saving analysis of cellular billing.

As a reseller, with a Certificate of Necessity issued by the California Public Utilities Commission, Columbia is able to purchase cellular air time from all carriers in California and competes by reselling air time directly to users, including major users, at rates which are competitive with the cellular carriers.

Columbia's customers include major cellular users in Southern California, including the Southern California Gas Company, City of Los Angeles and numerous other major accounts.

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Columbia has recently been selected for special recognition as one of the top five suppliers of the Southern California Gas Company.

**During our history we have experienced the following difficulties as a small public utility competing as a reseller against cellular carriers in the Southern California market:**

1. The carriers in California operate on a free cash flow of approximately 40% of gross revenues and yet they have consistently sought to minimize the "gross margin" of resellers such that it is difficult for resellers to compete with the duopoly carriers in Southern California. It is interesting to note, but not surprising, that the A & B cellular carriers' rates essentially mirror each other. Resellers, despite their low "gross margins," have rates lower than the carriers.
2. The California Public Utility Commission adopted rules to encourage contracting with minority and women owned businesses. These rules however, specifically excluded the requirement that the public utilities must themselves deal with minority or women owned public utilities. When the PUC was questioned on this point by Columbia, they responded that they never anticipated that a minority or women owned business would itself be a public utility.
3. Representatives of the cellular carriers, when competing for business with Columbia and other resellers, have "bad mouthed" resellers stating among other things that resellers are unreliable and financially incapable of competing with the carriers and therefore are doomed to fail.

Notwithstanding this "bad mouthing," because of the social conscience of certain entities such as the City of Los Angeles and the Southern California Gas Company, they have been willing to give minority companies an opportunity to compete and to prove themselves. One result of that opportunity is that the Southern California Gas Company has recently publicly recognized Columbia Cellular as one of its top five suppliers.

The American Dream is that every small entrepreneur has an opportunity to succeed or fail in business. There is no guaranty of success and nobody expects such a guaranty; however, what is expected and should be expected is that small business, including minority and women owned businesses, should be given the opportunity to participate in the telecommunications industry. It is obvious by the

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history to date, that without the assistance of the Commission, there will never be an opportunity for small businesses to compete in the telecommunications industry.

Thank you very much for the opportunity to present these comments.

Very truly yours,

COLUMBIA CELLULAR, INC.

By: 

GERARD G. ADAMS, PRESIDENT

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